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DEVELOPMENT

PROGRAMME

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
SRI LANKA

IPF:(1987-91) $49 500 000

(SRL/90/501) - Enhancing Public Sector Management

Date of approval by the AC:[1]	12 June 1991		
Expected duration:	Three years		
Proposed executing agency:	Government		
Government implementing agency:	Restructuring Management Unit (Ministry of Policy Planning and Implementation)		
Proposed UNDP contribution:	$1 000 000	Source of funds:	MDP
Government cost sharing:	$300 000	Source of funds:	IPF

Project background

The Government of Sri Lanka has embarked upon a programme of provincialization, a programme of divestment of public corporate enterprises, a major reduction of the size of the public service (as part of a drive to make it more efficient) and a programme of market liberalization. Together these government programmes pose a significant challenge to the systematic reorganization and reorientation of the public sector. The Government is proposing to establish a Restructuring Management Unit (RMU) to facilitate the change process already initiated and to strengthen capabilities for the realization of these programmes. To enhance Public Sector Management it has requested UNDP assistance under the present approval.

Description of project

This programme will assist the realization of the Government's public sector restructuring objectives with regard to: (1) provincialization; (2) market liberalization; and (3) the reduction of the size of the public sector (while enhancing its effectiveness).

The programme has two stages. In the first stage, assistance will be provided to establish and operate the RMU and the development of its capability to orchestrate the change process. Its prime function will be to convene public sector agencies to redefine their roles and relationships and to redesign key procedures - especially those for policy, planning and budgeting.

[1] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

In the second stage, assistance will be through a series of consultancies and training inputs to support specific agencies to make the changes required to perform new roles and to enhance performance. These agencies are in five broad categories: (1) the apex ministries - Finance, Planning and Public Administration; (2) sectoral ministries and line departments; (3) provincial councils; (4) non-commercial parastatal bodies; and (5) training institutions. Changes envisaged include policy-planning-programming-budgeting system (PPPBS) implementation, manpower planning, personnel systems development and management reviews; parastatal performance improvement; and support to line ministries of a similar kind to that provided to apex ministries.

As the RMU becomes established, and as the restructuring programme proceeds, the need for specific TA components (which have already been tentatively identified) will be determined and fully designed and formulated as project components. Those components will be integrally related to the programme. Their design will explicitly integrate with the overall change strategy through the hierarchy of objectives, outputs and activities. A tripartite meeting at the end of the preparatory assistance period is to review the stage two proposal.

While the RMU will play a key facilitating role in the redesign and enhancement of the system as a whole, the implementation of action to institutionalize new procedures, to restructure agencies and to strengthen functional capabilities will be the responsibility of the apex ministries working with the national line ministries and provincial councils. National training institutions such as the Sri Lanka Institute for Development Administration will play an important supporting role. Assistance through programme components will be directed to the responsible agency within the framework of the overall change strategy and timed sequence of actions. It is intended to mobilize the support and inputs of other Government, United Nations and bilateral agencies where appropriate.

Inputs

UNDP will provide a national programme co-ordinator; a subcontract for consultancies and expendable and non-expendable training services, especially for process consultation; equipment where necessary to support technologically based enhancements (e.g. for data management); and for study tours to learn from the relevant experience of other countries.

Financial data

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Personnel	36 000
Subcontract	700 000
Training	200 000
Equipment	250 000
Miscellaneous	114 000
Total	1 300 000

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